



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** SEE BELOW

**DATE:** 03-7-07

Approved

Date

3/19/07

**COUNCIL DISTRICT:** 3

**SNI AREA:** Thirteenth Street

**SUBJECT: JACINTO "TONY" SIQUIG (JTS) NORTHSIDE COMMUNITY CENTER  
REQUEST FOR PROPOSAL RECOMMENDATION**

## RECOMMENDATION

1. Adopt a resolution to reject the response submitted by Asian American Recovery Services, Inc. (AARS) in response to the request for proposals (RFP) to operate the Jacinto "Tony" Siquig Northside Community Center (NCC).
2. Add the NCC to the list of facilities to be considered in the Community Center Re-Use discussion, which will be addressed in the 2007-08 budget process in accordance with the Mayor's 2007 Budget Message of March 9, 2007.

## OUTCOME

To provide an interim solution for the continued operation of services for the Northside Community Center to meet the needs of the surrounding community.

## EXECUTIVE SUMMARY

In the June 2005 audit of the non-profit operator for the NCC, the City Auditor's findings included misuse of grant funds, overstated performance measures and insufficient oversight by the Board of Directors and by the City of San Jose. The audit prompted the Parks, Recreation and Neighborhood Services Department (PRNS) to assume operational control of the center in December 2005 pending the selection of a permanent replacement operator. Accordingly, since the spring of 2006, PRNS has issued three RFP's for the operation of the NCC with minimal interest from the non-profit community. In the last RFP process, AARS was the only organization to submit a proposal. The seven-member RFP Selection Committee evaluated the

proposal, concluded it was inadequate, and recommended that staff pursue other alternatives to operate the Center.

The purpose of this memorandum is to recommend that the City Council 1) reject AARS' RFP submission, and 2) refer further discussion about the permanent operation of the NCC to the 2007-08 budget process.

## **BACKGROUND**

The NCC was rebuilt into a 16,500 square foot community center and was re-opened in 2003. The Filipino American Senior Opportunities Development Council (Fil-Am SODC) operated the center prior to reconstruction, and contracted with the City to assume operational responsibilities and provide services at the new center after it was completed.

On June 28, 2005, the City Council accepted the City Auditor's report entitled "An Audit of the Agreements between the City and the Filipino American Senior Opportunities Development Council, Inc." The report stated that Fil-Am SODC misused grant funds provided by the City, overstated its performance measures and cited an insufficient oversight by its the Board of Directors and by PRNS. On December 12, 2005, the City Council took further action and made eight recommendations to address the NCC operational issues and ensure uninterrupted services to its participants.

As a result of the City Council's actions, the existing agreement with Fil-Am SODC was allowed to expire on December 31, 2005, and was not renewed. In January 2006, PRNS assumed operational control of the facility as an interim solution and in May 2006, assumed full control of center programming. These steps followed the City Council's December recommendations to ensure the continuation of services at the Center pending the selection of permanent operator. PRNS then gathered input from community meetings and worked with the Department of Finance, and the City Attorney and City Auditor's Offices to develop an RFP to seek a non-profit or governmental agency to operate the center.

## **ANALYSIS**

The RFP was originally released in March 2006, but was cancelled due to the City Auditor's Office concerns with the process. The Auditor's Office concerns were addressed and a new RFP was released in April 2006, which did not include funding support by the City. No responses were received from this RFP. Based on input received from the non-profit sector and the Silicon Valley Council of Non-profits (SVCN), PRNS requested funds to assist a selected operator in the first year of operations. In June 2006, the City Council approved a one-time budget allocation of \$142,000 to address basic operations and maintenance (O & M) costs such as the utilities and maintenance. Consequently, the RFP was modified and re-issued in August 2006.

In response to the August 2006 RFP, a single proposal was submitted by AARS. However, the proposal did not meet the RFP's minimum qualifications by failing to submit all required documents and was rejected. In October 2006, PRNS released another RFP in hopes of soliciting additional respondents. Again, the only proposal received was from AARS. The AARS proposal was determined to have the minimum qualifications and proceeded to the evaluation process.

#### Selection Committee Evaluation

The AARS proposal was evaluated by a seven-member RFP Selection Committee. The Selection Committee was made up of five community members that had a variety of expertise including: a non-profit representative, a Senior Citizens Commissioner, an area resident, a center user and a community member at-large. The two additional committee members who comprised the seven-member panel were from PRNS Senior Staff.

AARS is based in San Francisco and was established in 1985 in response to rising substance abuse rates within the Asian population. AARS offers and delivers programs through schools and community agencies. The treatment services are provided to youth and adults including outreach and education services. AARS is a financially stable organization experienced in providing substance abuse programs and has established themselves as a resource for substance abuse and mental health programs. The AARS proposal included the Filipino Youth Coalition as a collaborative partner.

- Approach and alignment to identified community priorities – The proposal focused primarily on clients reflective of the applicants' areas of expertise, i.e. substance abuse, mental health and gang services. The proposal also specified staffing with experience in the provision of senior nutrition services and its intent to continue existing services in senior nutrition, case management, and Veteran Services. However, the proposal did not address delivery of programs to serve youth, adults, families and did not demonstrate a knowledge of the demographics of the Northside community.
- Service Capacity – Center management and operation experience is critical for future success. AAR's proposal did not demonstrate past experience in managing a multi functional facility like the NCC. Only the Executive Director, who is located in San Francisco, was identified as having experience in center operations.
- Financial Capacity – The proposal demonstrated a capacity for running a mental health model based on services on a reimbursement basis. However, it did not demonstrate the capacity to run a community center operation model based on seasonal and rental revenue opportunities, classes, fee generation activities and fee structure development.
- Program Design – The proposal's services included existing senior services and the addition of substance abuse, mental health, gangs and cultural enrichment services. However, the operator must be able to offer a broad range of programs for all age categories and also serve the needs of the immediate Northside community including Youth programming, Art, Recreation programs including fee classes for all ages, Family support services and collaborations with local businesses and other non-profit agencies. Additionally, the operator must demonstrate capacity and experience in basic community center operations, including but not limited to operating a successful fee activity program, registration and

cash handling, and the use of fee-based funds to offset costs for clients who cannot afford to pay for programs or to offset costs for critical programs' specific clients.

In summary, the AARS proposal demonstrated a business model with experience to deliver substance abuse and mental health services, but does not demonstrate experience operating a community center that offers a broad range of services and programs.

### Recommendations

The recommendations to the City Council are as follows:

1. Adopt a resolution to reject the response submitted by AARS in response to the RFP to operate the NCC.
2. Add the NCC to the list of facilities to be considered in the Community Center Re-Use discussion, which will be addressed in the 2007-08 budget process in accordance with the Mayor's 2007 Budget Message of March 9, 2007.

Based on the outcomes of the three RFPs, staff recommends that the City Council reject the latest AARS proposal and that PRNS continue the interim "lead operator" role for the NCC. Further, staff recommends that the final decision regarding the center's operations be deferred to the broader issue of Community Center Re-Use, which will be addressed through the 2007-08 budget process.

### POLICY ALTERNATIVES

#### Alternative #1: Re-release another Request for Proposal to find an operator – Not recommended

The RFP was released numerous times and yielded only one proposal. Concerns received from the community and non-profit sector identified financial capacity as a major obstacle for potentially qualified agencies to apply. In order to attract a larger pool of qualified bidders, the City, would apparently need to contribute an on-going subsidy towards the center's operational and maintenance needs.

The City has other experiences in offering programs through other operators that indicates a minimal cost difference between the City versus a community organization assuming the role of lead operator. Washington Youth Center (operated by Catholic Charities) and the Mexican American Community Services Agency (MACSA) both operate facilities and programs comparable to the NCC's. Given the minimal cost difference and the community input received through the Community Center Re-Use public outreach efforts (i.e., City facilities should be operated by the City), another RFP does not appear to be warranted.

#### Alternative #2: Select the current applicant from the RFP process – Not recommended

AARS proposed a business model based on substance abuse and mental health and gang services, not a community center operation. The applicant did not successfully demonstrate an understanding of the target population, which would prove problematic in programming.

Alternative #3: Close the facility – Not recommended

The community has clearly indicated they would like to see existing services continue and for the center to remain open and operated by the City for the area residents to utilize. The RFP Selection Committee also made a request to keep the facility operational to insure the residents receive needed service and programs.

**PUBLIC OUTREACH/INTEREST**

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ✓ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criteria 3. This memorandum will be on the City's website for the April 3, 2007, Council agenda.

The RFP outreach included press releases to the San Jose Mercury News, neighborhood newspapers (Willow Glen Times, Almaden Times, etc.), Metro; e-mail notifications to agencies; website posting; TV advertisement on Channel 26 and Civic Center TV; Neighborhood Development Center newsletter and public postings.

PRNS has conducted additional community meeting with the community center users to give an update on the RFP process, listened to their concerns and validated the initial findings in earlier community meetings to ensure the needs of the community will be met. A letter received on January 19, 2007, from the Seniors of Northside Community Center, which was accompanied by a petition of over 200 signatures, requested that the City of San Jose continue to operate the NCC and continue the valuable senior services being offered.

### **COORDINATION**

Preparation of this memorandum has been coordinated with the Offices of City Attorney, Finance/Purchasing, City Auditor, City Manager and City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

The recommendation to reject the only RFP proposal aligns with the Community Center Re-Use Strategy that will be presented to Council in the 2007-08 budget process.

### **COST SUMMARY/IMPLICATIONS**

The 2006-07 operating budget for the NCC includes the following. In addition, PRNS has augmented the funding by temporarily assigning staff to manage and operate the NCC.

• General Fund, ongoing	\$ 60,539
• General Fund, one-time	163,418
• HNVF Funds, one-time	<u>131,000</u>
 TOTAL	 \$ <u>354,957</u>

This funding is adequate to continue NCC operations through June 2007. By default, effective July 1, 2007, the funding will revert back to only the ongoing funding of \$60,539. Any change will be determined as part of the Community Center Re-Use budget proposal that is being submitted through the 2007-2008 budget process.

### **CEQA**

Not a project



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Neighborhood Services